

## Message Text

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PAGE 01 STATE 194638  
ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 COME-00 STR-07 TRSE-00 OMB-01  
L-03 OPIC-03 LAB-04 SIL-01 H-01 SS-15 NSCE-00  
CIAE-00 INR-10 NSAE-00 CEA-01 SSO-00 INRE-00 SP-02  
/069 R

DRAFTED BY EUR/CAN:GJMONROE:JKB  
APPROVED BY EUR/CAN - RJSMITH  
EUR/CAN- TOENDERS  
-----049747 021630Z /64  
O 021613Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY OTTAWA IMMEDIATE

C O N F I D E N T I A L STATE 194638

E.O. 11652: GDS

TAGS: ETRD, EINV, CA, US

SUBJECT: AUTO PACT

1. THE FOLLOWING LETTER, DATED AUGUST 1, 1978, ADDRESSED  
TO AMBASSADOR ENDERS, WAS RECEIVED FROM CONGRESSMAN VANIK  
(OHIO):

2. BEGIN TEXT

IN A RECENT STATE DEPARTMENT SUMMARY OF MAJOR TRADE  
DEVELOPMENTS, A BRIEF REPORT WAS PROVIDED ON CANADIAN  
PLANS TO OFFER AN "INVESTMENT INCENTIVE TO FORD TO LOCATE  
A NEW ENGINE PLANT IN ONTARIO."

THE STATE DEPARTMENT SUMMARY NOTED THAT

-- THERE IS NO INDICATION AS YET WHAT FORMULA TRUDEAU AND  
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PAGE 02 STATE 194638

-- ONTARIO PREMIER DAVIS MAY HAVE AGREED UPON. BOTH  
-- GOVERNMENTS WERE UNDER PRESSURE TO AVOID POLITICAL  
-- BLAME SHOULD FORD'S DECISION GO AGAINST ONTARIO. THE  
-- INCENTIVE IS TO HELP OVERCOME THE HIGHER SET-UP COSTS  
-- IN CANADA COMPARED TO OHIO, THE OTHER SITE UNDER  
-- CONSIDERATION BY FORD.

THE SUMMARY THEN NOTED THAT THE PROBLEM OF INVESTMENT INCENTIVE COMPETITION BETWEEN ONTARIO/CANADA AND OHIO HAD BEEN DISCUSSED IN A MEETING BETWEEN PRIME MINISTER TRUDEAU AND AMBASSADOR ENDERS AND THAT THE AMBASSADOR HAD NOTED THAT "LARGE SCALE INDUCEMENTS TO LURE NEW INVESTMENT WOULD ALMOST INEVITABLY REQUIRE A REACTION FROM THE US."

AS CHAIRMAN OF THE TRADE SUBCOMMITTEE AS WELL AS A MEMBER OF CONGRESS FROM OHIO, I DEEPLY APPRECIATE YOUR REMARKS TO THE PRIME MINISTER. CERTAINLY CANADIAN SUBSIDIES TO ATTRACT A MAJOR INVESTMENT FACILITY WOULD CREATE GOODWILL PROBLEMS IN OUR INDUSTRIAL STATES--JUST AS THE CANADIAN GATT ARTICLE XXVIII ACTION HAS CREATED PROBLEMS IN OUR AGRICULTURAL COMMUNITIES. I HOPE THAT YOU WILL CONTINUE TO INDICATE YOUR CONCERNS TO THE GOVERNMENT OF CANADA ON THIS SITUATION.

FURTHER, I WOULD APPRECIATE ANY MORE SPECIFIC INFORMATION ON THE NATURE OF THE INDUCEMENTS BEING PLANNED BY CANADA, HOW, IN YOUR OPINION, THOSE INDUCEMENTS MIGHT CONFLICT WITH THE NEW SUBSIDIES CODE BEING NEGOTIATED IN THE MTN, THE TIMETABLE FOR COMPLETION OF THE CANADIAN OFFER, THE SIZE OF THE INVESTMENT FACILITY BEING PLANNED, THE NUMBER OF WORKERS WHO WOULD BE EMPLOYED, WHETHER THE CANADIANS FEEL THAT OHIO OR OTHER STATES ARE OFFERING INVESTMENT SUBSIDIES, AND THE NATURE AND EXTENT OF THE "HIGHER SET-UP  
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PAGE 03 STATE 194638

COSTS IN CANADA" REFERRED TO IN THE DEPARTMENT SUMMARY.

THANK YOU FOR YOUR ASSISTANCE IN THIS INQUIRY.

SINCERELY, CHARLES A. VANIK, CHAIRMAN. END TEXT. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AUTOMOTIVE INDUSTRY, DIPLOMATIC COMMUNICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE194638  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** GJMONROE:JKB  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**To:** OTTAWA  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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